

Fire District No. 5 of Caddo Parish, Louisiana

Financial Statements Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/18/07

Fire District No. 5 of Caddo Parish, Louisiana

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Independent Auditors' Report

Board of Commissioners
Fire District No. 5 of Caddo Parish, Louisiana
Shreveport, Louisiana

We have audited the accompanying basic financial statements of Fire District No. 5 of Caddo Parish, Louisiana (a component unit of Caddo Parish, Louisiana), as of December 31, 2006, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Fire District No. 5 of Caddo Parish, Louisiana as of December 31, 2006, and the results of its operations for the year then ended in conformity with United States of America generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 5-10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally



accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements of Fire District No. 5 of Caddo Parish, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robinson Bails & McLeod

Certified Public Accountants

Shreveport, Louisiana
June 19, 2006



CADDO PARISH FIRE DISTRICT #5

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Shreveport, Louisiana 71115
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Grayson Boucher, Fire Chief
Brian Florsheim, Sr., Asst. Chief
David J. Bryant, Asst. Chief

Del Johnson, Chairman
Lennis Elston, Sec.-Treas.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of Fire District No. 5 of Caddo Parish (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2006. Please read it in conjunction with the District's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

For 2006, the total general revenues for the District were \$1,019,806.

During the year ended December 31, 2006, the District had total expenses, excluding depreciation, of \$483,596.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Fire District No. 5 of Caddo Parish was determined to be a component unit of Caddo Parish. The Caddo Parish Commission is financially accountable for the District because it appoints the organization's governing body and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by Fire District No. 5 of Caddo Parish.

Reporting the Fire District No. 5 of Caddo Parish as a Whole

Our analysis of Fire District No. 5 of Caddo Parish as a whole begins on page 7. One of the most important questions asked about the District's finances is "Is Fire District No. 5 of Caddo Parish as a whole better off or worse off as a result of the year's activities?" The Statement of

Net Assets and the Statement of Activities report information about the funds maintained by the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Accruals of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we record the following funds maintained by Fire District No. 5 of Caddo Parish as governmental activities:

Governmental activities - all of the expenses paid from the funds maintained by Fire District No. 5 of Caddo Parish are reported here which consists primarily of personal services, materials and supplies, fuel, repairs and maintenance, salaries, and other program services. Ad valorem taxes finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by Fire District No. 5 of Caddo Parish begins on page 13. The fund financial statements begin on page 13 and provide detailed information about the most significant funds maintained by Fire District No. 5 of Caddo Parish as a whole. The District's governmental funds use the following accounting approaches: Governmental funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain District expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at page 14.

FIRE DISTRICT NO. 5 OF CADDO PARISH AS A WHOLE

Following is the summary information from the statement of net assets (Table 1) and the statement of activities (Table 2) as of December 31, 2006:

Table 1
Net Assets

	Governmental Activities 2006
Current and other assets	\$1,201,975
Capital assets	1,138,103
Capitalized bond costs	6,745
Total assets	\$2,346,823
Current liabilities	\$ 45,455
Long-term liabilities	565,000
Total liabilities	610,455
Net assets:	
Investment in capital assets, net of related debt	573,103
Restricted for - Debt service	302,790
Unrestricted	860,475
Total net assets	1,736,368
Total net assets & liabilities	\$2,346,823

Net assets of the District's governmental activities increased by \$446,107 or 34.6%. Unrestricted net assets, the part of net assets that can be used to finance the District expenses without constraints or other legal requirements, increased from a year ago, from \$588,853 at December 31, 2005 to \$860,475 at December 31, 2006. The reason for the increase in unrestricted assets was an excess of revenue over expenses totaling \$271,622.

Table 2
Changes in Net Assets

	Governmental Activities 2006
<hr/>	
Revenues:	
General Revenues	
Ad valorem taxes	\$798,065
Service fees	106,725
Grant income	72,194
Interest	12,865
Fire insurance rebate	12,773
State supplemental pay	9,000
State revenue sharing	8,179
Miscellaneous	5
<hr/>	
Total revenues	1,019,806
<hr/>	
Expenses - General governmental	573,699
<hr/>	
Increase in net assets	\$ 446,107
<hr/>	

Total revenues increased from \$765,097 in the year ended December 31, 2005 to \$1,019,806 in the year ended December 31, 2006. The increase can be attributed to an increase of \$192,671 in ad valorem taxes and fees and grant income of \$72,194.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$1,174,733 or a \$379,381 increase from the 2005 balance of \$795,352. The primary reasons for the increase are:

- General fund revenues exceeded general fund expenditures by \$271,621.
- Debt service fund revenues exceeded debt service fund expenditures by \$107,760.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2006. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 17. Highlights for the year are as follows:

General Fund revenue from ad valorem taxes was \$120,187 higher than projected primarily due to 2006 being the first year ad valorem taxes from the former Caddo Fire District #9.

The budgetary comparison schedule presents information only on the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2006, the District had invested \$2,023,325 in capital assets. (See Table 3 below)

Table 3
Capital Assets at Year End

	Governmental Activities 2006
Vehicles	\$1,007,944
Building and land	655,359
Equipment	360,022
Total	\$2,023,325
Major additions include:	
Equipment	\$112,435
Land/building	595
Vehicles	-
Total additions	113,030
Net increase	\$113,030

More detail information about capital assets is presented in Note 5 to the financial statements.

DEBT

In 2000, the District issued general obligation bonds totaling \$800,000 for the purpose of acquiring buildings, machinery and equipment, including both real and personal property, to be used in giving fire protection to the property in the District. The bonds are payable from ad valorem taxes.

Table 4
Outstanding Debt at Year End

	Governmental Activities 2006
General obligation bonds (backed by Ad valorem taxes)	\$565,000

More detailed information about the debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The District's management considered many factors when setting a fiscal year December 31, 2006 budget. Amounts available for appropriation in the governmental funds are expected to increase due to an increase in the property valuations and increase in millage rate. In addition to considerations based on the results of the District's operations in 2006, the District was committed to the purchase of approximately, \$403,000 in vehicles, which was financed by the issuance of a \$425,000 Limited Tax Certificate.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by Fire District No. 5 of Caddo Parish and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Fire District No. 5 of Caddo Parish, at 1675 Leonard Road, Shreveport, Louisiana 71115.

Del Johnson
Chairman

**Fire District No. 5
of Caddo Parish, Louisiana**

Statement of Net Assets

December 31, 2006

Assets:

Cash and cash equivalents	\$ 347,697
Accounts receivable, net	845,141
Prepaid expenses	9,137
Capital assets, net	1,138,103
Capitalized bond costs	6,745

Total assets **\$2,346,823**

Liabilities:

Accounts payable	\$ 23,992
Accrued liabilities	9,995
Long-term liabilities:	
Bond payable - Portion due within one year	50,000
Bond payable - Portion due after one year	515,000
Interest payable	11,468

Total liabilities **610,455**

Net Assets:

Investment in capital assets, net of related debt	573,103
Restricted for - Debt service	302,790
Unrestricted	860,475

Total net assets **1,736,368**

Total net assets and liabilities **\$2,346,823**

See accompanying summary of accounting policies and notes to financial statements.

Fire District No. 5 of Caddo Parish, Louisiana

Statement of Activities

Year Ended December 31, 2006

	Programs Revenues			Governmental Activities - Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions Programs -					
General Government	\$573,699	\$-	\$-	\$72,194	\$ (501,505)
Total Government Activities	\$573,699	\$-	\$-	\$72,194	(501,505)
Taxes:					
Ad valorem taxes					798,065
Service fees					106,725
Interest					12,865
Fire insurance rebate					12,773
State supplemental pay					9,000
State revenue sharing					8,179
Miscellaneous					5
Total general revenue and special items					947,612
Excess of revenue over expenditures					446,107
Net assets - beginning of year					1,290,261
Net assets - end of year					\$1,736,368

See accompanying summary of accounting policies and notes to financial statements.

Fire District No. 5 of Caddo Parish, Louisiana

Balance Sheet-Governmental Funds

December 31, 2006

	Governmental Fund Types			Total
	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds
Assets:				
Cash and cash equivalents	\$227,120	\$120,577	\$-	\$ 347,697
Ad valorem tax receivable, net allowance for doubtful accounts	541,361	192,774	-	734,135
State revenue sharing receivable	5,453	-	-	5,453
Structure fee receivable, net allowance for doubtful accounts	101,605	-	-	101,605
Other receivables	3,948	-	-	3,948
Prepaid expenses	9,137	-	-	9,137
Capitalized bond costs	-	6,745	-	6,745
Total assets	\$888,624	\$320,096	\$-	\$1,208,720
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 18,155	\$ 5,837	\$-	\$ 23,992
Accrued liabilities	9,995	-	-	9,995
Total liabilities	28,150	5,837	-	33,987
Fund balances:				
Reserved for debt service	-	314,259	-	314,259
Unreserved	860,474	-	-	860,474
Total fund balances	860,474	314,259	-	1,174,733
Total liabilities and fund balances	\$888,624	\$320,096	\$-	\$1,208,720

See accompanying summary of accounting policies and notes to financial statements.

**Fire District No. 5
of Caddo Parish, Louisiana**

**Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Asset**

<i>December 31,</i>	<i>2006</i>
Total Fund Balances at December 31, 2006	
– Governmental Funds	<u>\$1,174,733</u>
Cost of capital assets at December 31, 2006, less – accumulated depreciation as of December 31, 2006	1,138,103
Long-term liabilities at December 31, 2006	
Bonds payable and accrued interest	<u>(576,468)</u>
Net assets at December 31, 2006 - Governmental Activities	<u>\$1,736,368</u>

See accompanying summary of accounting policies and notes to financial statements.

**Fire District No. 5
of Caddo Parish, Louisiana**

**Statement of Revenue, Expenditures, and Changes
in Fund Balance – Governmental Funds**

Year Ended December 31, 2006

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$604,372	\$193,693	\$-	\$ 798,065
Service fees	106,725	-	-	106,725
Grant Income	72,194	-	-	72,194
Interest	8,538	4,327	-	12,865
Fire insurance rebate	12,773	-	-	12,773
State supplemental pay	9,000	-	-	9,000
State revenue sharing	8,179	-	-	8,179
Miscellaneous	5	-	-	5
Total revenues	821,786	198,020		1,019,806
Expenditures:				
General government	420,277	5,918	-	426,195
Capital outlay	113,030	-	-	113,030
Debt service:				
Principal retirement	-	45,000	-	45,000
Interest	-	33,505	-	33,505
Retirement contribution	16,858	5,837	-	22,695
Total expenditures	550,165	90,260	-	640,425
Excess of revenue over expenditures	271,621	107,760	-	379,381
Fund balances, beginning of year	588,853	206,499		795,352
Fund balances, end of year	\$860,474	\$314,259	\$-	\$1,174,733

See accompanying summary of accounting policies and notes to financial statements.

**Fire District No. 5
of Caddo Parish, Louisiana**

**Reconciliation of the Statement of Revenue, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities**

Year Ended December 31, 2006

Net change in fund balance – total governmental funds \$379,381

Amount reported for governmental activities in the statement
of activities are different because:

Capital outlays are reported in governmental funds as
expenditures. *However*, in the Statement of Activities,
the cost of those assets is allocated over their estimated
useful lives as depreciation expense. This is the amount
by which depreciation exceeds capital outlays in the period:

Depreciation expense	(88,436)	
Capital outlay	<u>113,030</u>	24,594

Interest expense accrued in Statement of Net Assets but not
recognized in government funds until paid (2,868)

Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces
long-term liabilities in the Statement of Net Assets 45,000

Change in net assets of governmental activities \$446,107

See accompanying summary of accounting policies and notes to financial statements.

**Fire District No. 5
of Caddo Parish, Louisiana**

**Statement of Revenue, Expenditures, and Changes in Fund
Balance – Budget and Actual (GAAP Basis) – General Fund**

Year Ended December 31, 2006

	<u>Budget Amounts</u>			<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Ad valorem taxes	\$431,500	\$484,185	\$604,372	\$120,187
Service fees	94,000	97,350	106,725	9,375
Grant income	-	72,194	72,194	-
State revenue sharing	9,000	9,000	8,179	(821)
Fire insurance rebate	10,000	12,750	12,773	23
State supplemental pay	-	-	9,000	9,000
Miscellaneous	0	5	5	-
Interest	4,000	7,975	8,538	563
Total revenues	548,500	683,459	821,786	138,327
Expenditures:				
General government	449,540	430,470	437,135	(6,665)
Capital outlay	30,000	98,353	113,030	(14,677)
Total expenditures	479,540	528,823	550,165	(21,342)
Excess (deficiency) of revenue over expenditures	\$ 68,960	\$154,636	\$271,621	\$116,985

See accompanying summary of accounting policies and notes to financial statements.

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies

Introduction

Fire District No. 5 of Caddo Parish, Louisiana (the "District") was created by Ordinance No. 2143 adopted by the Caddo Parish Commission on April 25, 1984 to provide fire protection, emergency medical and hazardous material services for the people of the District. The governing body of the District consists of a five member Board of Commissioners, appointed by the Caddo Parish Commission and is a component the Parish of Caddo. Members serve two-year terms and do not receive compensation for their services. The District has six (6) full-time and nine (9) part-time employees and a volunteer organization.

Basis of Presentation

The financial statements of Fire District No. 5 of Caddo Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

**Fire District No. 5
of Caddo Parish, Louisiana**

**Summary of Significant Accounting Policies
(Continued)**

**Basis of
Presentation
- (continued)**

For the year ended December 31, 2006, the District implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Caddo Commission is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (Caddo Commission), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caddo Commission for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity are financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Commission to impose its will on that organization and/or

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies (Continued)

Reporting Entity - (continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Commission.
2. Organizations for which the Commission does not appoint a voting majority but are fiscally dependent on the Commission
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Caddo Parish Commission appoints the organization's governing body, the District was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basic Financial Statements – Government Wide Statements

The Fire District No. 5 of Caddo Parish financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Fire District No. 5 of Caddo Parish net assets are reported in four parts - invested in capital assets (net of related debt), restricted for debt service and capital asset purchasing, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Fire District No. 5 of Caddo Parish functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The net cost (by function) is normally covered by general revenues.

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies *(Continued)*

Basic Financial Statements – Government Wide Statements – (continued)

This government-wide focus is more on the sustainability of Fire District No. 5 of Caddo Parish as an entity and the change in the Fire District No. 5 of Caddo Parish's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Fire District No. 5 of Caddo Parish are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

Fire District No. 5 of Caddo Parish uses the following fund types:

1. General fund is the general operating funds of Fire District No. 5 of Caddo Parish, Louisiana. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Capital projects fund is used to account for financial resources to be used in the acquisition or construction of major capital facilities and equipment.
3. Debt service fund accounts for transactions relating to resources retained and used for the payment of principal and interest on the long-term obligations of the District.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. All three of the District's governmental funds are considered major funds.

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies (Continued)

Basis of Accounting	<p>Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.</p> <p><i>Government-wide Financial Statements.</i> The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.</p> <p>Revenues of the Fire District No. 5 of Caddo Parish consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are billed and generally collected within the fiscal year in which the taxes are levied. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.</p> <p><i>Fund Financial Statements.</i> The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is the principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.</p>
Cash and Cash Equivalents	<p>Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.</p>
Accounts Receivable	<p>Uncollectible amounts due for ad valorem taxes are recognized as uncollectible using the allowance method. The allowance for uncollectible accounts at December 31, 2006, was \$ 25,451.</p>

**Fire District No. 5
of Caddo Parish, Louisiana**

**Summary of Significant Accounting Policies
(Continued)**

Capital Assets

Non-expendable capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and building improvements	15-50 years
Equipment	5-20 years

Budget

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund expenditures. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the district's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations by more than five percent.

**Long-term
Obligations**

Long-term obligations are reported as liabilities in the government-wide statements. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as fund liability of a governmental fund.

**Fire District No. 5
of Caddo Parish, Louisiana**

Summary of Significant Accounting Policies
(Concluded)

Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**Fire District No. 5
of Caddo Parish, Louisiana**

Notes to Financial Statements

**1. Ad Valorem
Taxes and
Structure
Fees**

For the year ended December 31, 2006, taxes of 14.0 mills and 2.6 mills were levied on property with assessed valuations totaling \$76,363,110 and were dedicated as follows:

Maintenance	14.0 mills
Bond Sinking	2.6 mills
Structure Fees	\$75

Total taxes and structure fees levied were \$880,772.09.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

**2. Cash and
Cash
Equivalents**

At December 31, 2006, the district has cash and cash equivalents (book balances) as follows:

Demand deposits	\$329,690
Certificates of deposit	<u>18,007</u>

Total cash and cash equivalents \$347,697

Those deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2006, the district has \$371,958 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and pledged securities totaling \$648,703 for the year ended December 31, 2006.

Fire District No. 5 of Caddo Parish, Louisiana

Notes to Financial Statements (Continued)

2. **Cash and Cash Equivalents - (continued)** The pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the District. Accordingly, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

3. **Receivables** Total taxes and fees levied were \$880,772. Taxes and fees receivable a December 31, 2006, consisted of the following:

	Millage	M&O	Bonds	Service Fee	Total
Assessed taxes	14.0	\$573,404			\$573,404
Assessed taxes	2.6		\$198,543		198,543
Assessed taxes	\$ 75/facility			\$108,825	108,825
Total assessed taxes		573,404	198,543	108,825	880,772
Estimated allowance - 2.94%		16,662	5,769	3,020	25,451
Net taxes and fees receivable		556,742	192,774	105,805	855,321
Pension Contribution		16,858	5,837	-	22,695
Caddo Sheriff Fee		1,147	397	8,162	9,706
Estimated Fees & Pension Contributions		18,005	6,234	8,162	32,401
Net property taxes receivable		\$538,737	\$186,540	\$ 97,643	\$822,920

Fire District No. 5 of Caddo Parish, Louisiana

Notes to Financial Statements (Continued)

4. **Due From Other Governmental Units** Amounts due from other governmental units (excluding the ad valorem taxes) consist of the following:
- Estimated State Revenue Sharing due \$5,453
5. **Changes in Capital Assets** A summary of changes in capital assets for the year ended December 31, 2006, follows:

Changes in Capital Assets Year Ended December 31, 2006

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets:				
Buildings and land	\$ 654,764	\$ 595	\$-	\$ 655,359
Vehicles	1,007,944	-	-	1,007,944
Equipment	247,586	112,435	-	360,021
Total capital assets	1,910,294	113,030	-	2,023,324
Less accumulated depreciation:				
Buildings and land	(87,985)	(16,553)	-	(104,538)
Vehicles	(585,331)	(51,015)	-	(636,346)
Equipment	(123,469)	(20,868)	-	(144,337)
Total accumulated depreciation	(796,785)	(88,436)	-	(885,221)
	\$1,113,510	\$ 24,594	\$-	\$1,138,103

Fire District No. 5 **of Caddo Parish, Louisiana**

Notes to Financial Statements *(Continued)*

6. Long-Term Debt

The following is a summary of bond transactions of the district for the year ended December 31, 2006:

Payable January 1, 2006	\$610,000
Retired	45,000
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Payable December 31, 2006	\$565,000

Bonds payable at December 31, 2006, is comprised of the following issue:

\$800,00 general obligation bonds dated March 1, 2000; due in annual installments of \$40,000 to \$80,000 through March 1, 2016; plus interest due semiannually on March 1 and September 1 beginning September 1, 2000; secured by levy and collection of ad valorem taxes.

The annual requirements to amortize all debts outstanding as of December 31, 2006, are as follows:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2007	\$ 50,000	\$ 31,480	\$ 81,480
2008	50,000	29,105	79,105
2009	55,000	26,205	81,205
2010	55,000	22,155	77,155
2011	60,000	18,075	78,075
Thereafter	295,000	30,928	325,928
<hr/>			
	\$565,000	\$157,948	\$722,948

Fire District No. 5 of Caddo Parish, Louisiana

Notes to Financial Statements (Continued)

7. Louisiana Firefighters Retirement System Pension

Plan Description. Substantially all full-time employees of Fire District No. 5 of Caddo Parish, Louisiana are members of the Louisiana Firefighters Retirement System (System), a cost sharing, multiple-employers defined benefit pension plan administered by a separate board of trustees.

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection District that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the system. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service, or after age 50 with at least 20 years of creditable service. At retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination). The plan also provides disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report can be obtained by writing to the Firefighters' Retirement System, 3100, Brentwood Drive, Baton Rouge, Louisiana 70809, by calling (504) 925-4060 or www.lafirefightersret.com.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Fire Protection District No. 5 of Caddo Parish is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered Payroll. Contribution requirements of plan members and the Fire Protection District No. 5 of Caddo Parish are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation for the prior fiscal year. The District's contributions to the System for the years ended December 2006 and 2005 were \$22,639 and \$22,212, respectively.

Fire District No. 5
of Caddo Parish, Louisiana

Notes to Financial Statements
(Continued)

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8. **Commitments and Contingencies** The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District carries commercial insurances for all risks of loss, including workers compensation.
- At December 31, 2006, the District was committed to purchase two vehicles with a total cost of \$402,853. The purchase was financed by the issuance of \$425,000 of Limited Tax Certificates.
9. **Related Party Transactions** The family of a member of the board of directors contributed the land upon which Fire Station 1 is located. Under the terms of the donation, if the building ever ceases to be used for public safety, the property reverts to the donors. Accordingly, the accompanying financial statements do not reflect the value of the land in Capital Assets.
10. **On-Behalf Payments For Fringe-Benefits and Salaries** GASB Statement No. 24 requires that on-behalf payments be recognized as both revenue and expenditure by an employer governmental entity. In accordance with this Statement, \$9,000 has been recognized in both inter-governmental revenue-state supplemental pay and public safety expenditure due to on-behalf payments for fringe benefits and salaries.
11. **Comparison of Budget and Actual Expenditures on a Budgetary (Cash) Basis** As discussed in the Summary of Accounting Policies, the District's budget is prepared on a cash basis and its general purpose financial statements are presented on the basis prescribed by generally accepted accounting principles. The following table presents a reconciliation between the two bases of accounting and the comparison to budgeted amounts based on the cash basis of accounting.

Fire District No. 5 of Caddo Parish, Louisiana

Notes to Financial Statements

(Concluded)

11. Comparison of Budget and Actual Expenditures on a Budgetary (Cash) Basis - (continued)

<i>December 31, 2006</i>	Actual On GAAP Basis	Adjustment To GAAP Basis	Actual On Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Revenues:					
Taxes and fees	\$711,097	\$(127,430)	\$583,667	\$581,535	\$ 2,132
Intergovernmental:					
State revenue sharing	8,179	2,726	10,905	9,000	1,905
Fire insurance tax	12,773	-	12,773	12,750	23
State supplemental pay	9,000	-	9,000	9,000	-
Grant income	72,194	-	72,194	72,194	-
Interest income	8,538	-	8,538	7,975	563
Miscellaneous revenues	5	-	5	5	-
Total revenues	821,786	(124,704)	697,082	692,459	4,623
Expenditures:					
Salaries and related benefits	255,782	(155)	255,627	258,600	2,973
State supplemental pay	9,000	-	9,000	9,000	-
Professional fees	21,088	1,527	22,615	11,850	(10,765)
Insurance other	34,157	1,555	35,712	40,450	4,738
Utilities and telephone	16,050	-	16,050	16,550	500
Capital outlay	113,030	(853)	112,177	98,353	(13,824)
Fuel	15,728	213	15,941	16,000	59
Medical and firefighters' supplies	4,319	-	4,319	4,500	181
Tax collection fees	24,691	(3,769)	20,922	20,870	(52)
Contingency	-	-	-	18,000	18,000
Medical courses and training	5,533	17	5,550	5,500	(50)
Truck maintenance	25,695	-	25,695	20,000	(5,695)
Office supplies expense	3,072	-	3,072	3,000	(72)
Building and grounds	18,329	(1,367)	16,962	15,150	(1,812)
Bad debt expense	3,691	(3,691)	-	-	-
Total expenditures	550,165	(6,523)	543,642	537,823	(5,819)
Excess (deficiency) of revenues over expenditures	\$271,621	\$(118,181)	\$153,440	\$154,636	\$ (1,196)



Supplemental Material



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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Fire District No. 5 of Caddo Parish, Louisiana
Shreveport, Louisiana

We have audited the basic financial statements of the Fire District No. 5 of Caddo Parish, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 19, 2007. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests revealed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with



generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the District's management, the Board of Commissioners, the Caddo Parish Commission, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Robertson, Bailey & McCall LLP

Certified Public Accountants

Shreveport, Louisiana
June 19, 2007

Fire District No. 5 of Caddo Parish

Summary of Audit Results

December 31, 2006

Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Fire District No. 5 of Caddo Parish.
2. The District expended \$68,400 in Federal funds under a grant from the United States Department of Homeland Security under CFDA No. 97.044.
3. No significant deficiencies in internal accounting control were disclosed during the audit of the financial statements in the report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
4. No matters of noncompliance were disclosed in the auditor's report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
5. A separate management letter was not issued.

**Fire District No. 5 of Caddo Parish
Schedule of Prior Years Audit Findings
For Year Ended December 31, 2006**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action/ Partial Corrective Action Taken
2005-1	2005	Violation of State Audit law	Yes	Financial Statements were filed timely